September 6, 2002

Ms Cynthia Kawakami
USEPA
Via e-mail kawakami cynthia@epa gov

RE Former R Lavin & Sons facility, 2028 Sheridan Road, North Chicago, IL
( +/- 198,162 SF of buildings on 18 2 acres of land plus machinery and equipment )

Dear All.

In an effort to respond to USEPA's request for information and the other questions that others have posed I will attempt to explain in more detail the redevelopment plans and clean up plan for the property This discussion will be far from detail that would be needed to get building permits or negotiate a PPA Understand that until we have leases signed up for each of the spaces, we will not be able to guarantee any user or the specifics of this clean up

Our intent is to make the RJ Lavin site into a multi-tenant industrial property in phase I After we have tenanted the industrial part of the property, we will acquire the frontage on Sheridan Road and then redevelop as a commercial strip including retail, restaurant, entertainment and service businesses in phase II Finally, we intend to extend both the industrial property as well as some more commercial space in the redevelopment of Fan Steel in phase III

Specifically, we intend to use approximately 160,000 square feet of the existing 200,000 square feet of buildings for industrial uses We anticipate the uses to be a solder manufacturer to take 100,000 square feet, a scrap metal company (which intend to crush copper/tin radiators) will take 20,000 square feet, a stone counter top manufacturer to take 20,000 square feet and we are looking for a tenant for the remaining space We have had some interest from a local contractor to use some of the outside space and a small portion of building It is possible we might build them a small building Until we have control of the site, we cannot confirm any of these uses but hope that we will have these as tenants

All of land and buildings on Sheridan road will be developed for commercial space. We hope to have approximately 120,000 square feet of commercial space including several restaurants, an auto part store, a muffler repair shop, video arcade and other tenants we hope to attract from the new redevelopment The opening of the North gate of the Naval Base across the street from the property will help speed this redevelopment Approximately 5 acres of the 18 acres Lavin site will be added to 5 acres of existing retail properties to provide sufficient off street parking to attract not only the foot traffic from the Naval Base but also from auto traffic from North Chicago and Abbot Labs

The area comprising the rainwater storage tank and South warehouse is about 3 acres that would make up the central parking area for the retail space. This is why it is so important that the rainwater management on the site be considered as a critical path item in the redevelopment We anticipate that immediately we will begin to clean all the super-surface land and roofs to remove any metals or other materials that may have contributed to the contamination of the creek

Management of the underground impoundments has been in place for about 7 years and has 23 more years of management and monitoring This will be completed by the rents produced by leasing the site buildings and developing the commercial spaces

Lavin went out of business in July 2001 Prior to that they had not paid many of the bills from the beginning of the year We believe that taxes are now delinquent at least 2 years

The creditors committee had an appraiser out to look at the property His estimate of the property without looking at the equipment or environmental issues was as follows, I have added back in the environmental issues

| | |
|---|---|
| Property value | $900,000 |
| Super-surface clean up | < $500,000> |
| Long term monitoring | <$1,150,000> |
| | ========= |
| Net property value | < $750,000> |
| Insurance precedes | $180,000 |

| | |
|---|---|
| Last years cost of upkeep | < $120,000> |
| Next years cost of upkeep | < $120,000> |
| | ========== |
| Net | < $810,000> |

Even with this present net negative value of the property, the creditors committee expects to be paid something for keeping the property heated, lit, and secure The creditors committee will get back to me what costs they have incurred I'm not sure if they will get anything to cover those costs but their request should be give careful consideration

As for the remaining liens, or property taxes, the reason that the city will gain title through itis powers of eminent domain to clear those liabilities Additionally, the city will cover the carrying costs of utilities, security and minimal maintenance during the leasing period, which hopefully will be very short

The property is properly zoned except the commercial space along Sheridan road will have to be partially rezoned to match the existing commercial zoning This should not be a problem

Greenfield Partners anticipates on an additional environmental clean up, tenant improvements and construction costs for the two phases as follows

| | |
|---|---|
| Industrial development (Phase I) | |
| Deal costs | $40,000 |
| Inside clean up (including bag houses and underground piping) | $240,000 |
| Tenant improvements (division of spaces, power, lighting, etc) | $1,600,000 |
| Demolition | $120,000 |
| | ======== |
| Industrial total | $2,000,000 |
| | |
| Commercial development (Phase II) | |
| Deal costs (legal, architectural, etc) | $160,000 |
| Acquisition cost | $1,500,000 |
| Development cost | $5,600,000 |
| | ======== |
| Commercial total | $7,260,000 |

The industrial property should employ 30 to 40 people initially and will ultimately employ 75 to 80 as the companies expand to full use the space available Commercial employment should be approximately 120 There could be more depending on the service businesses that decide to locate in this development

The city will provide TIF funding to cover the gap in environmental cost not covered by the insurance proceeds Since most of the environmental costs are spread out over 23 years only a small amount ($320,000) of front funding is required Additional TIF funding may be required to acquire the commercial land The total cost of that property will be approximately $1 5 million

The city and Greenfield Partners are interested in a PPA from USEPA that will provide clear definition of responsibilities and definition of clean up monitoring requirements as well as protections against 3 party law suits The city and Greenfield Partners are willing to clean up the super-surface contamination (est cost $500,000) plus continue maintenance and monitoring on the underground impoundments (est cost $1,150,000) in consideration for the agreement from USEPA We will operate the new facility in accordance with the requirements as set out in local, state and federal regulations

I hope that provides a more detailed view of the redevelopment expected Please let me reiterate the need to come to an acceptable level of comfort quickly We need to be in control of the property within the next week or two or we will be unable to get the building ready for winter and our tenants will leave Please let me know what I can to do speed the process and if you have any questions please let me know how I can be of assistance

Sincerely,

Robert Rafson
Partner, Greenfield Partners